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**IN THE  
SUPREME COURT OF THE UNITED STATES**

**April Term, 1948**

**No. 707**

**AMBROSIA CHOCOLATE COMPANY,**

*Petitioner,*

**vs.**

**AMBROSIA CAKE BAKERY, INC.,**

*Respondent.*

**PETITION FOR WRIT OF CERTIORARI TO THE  
UNITED STATES CIRCUIT COURT OF  
APPEALS FOR THE FOURTH CIRCUIT  
AND BRIEF IN SUPPORT THEREOF**

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# INDEX

	Page
Petition .....	1
Summary Statement of the Matter Involved .....	2
Jurisdiction .....	5
Questions Presented .....	5
Reasons for Granting the Writ .....	6
Brief in Support of Petition .....	9
Specification of Errors .....	9
Summary of Argument .....	9

## ARGUMENT

I. A trade-mark is a valuable property right which, once established, should be enforced by the courts .....	10
II. Other circuits hold that actual confusion on the part of purchasers need not be proven to support a claim of technical trade-mark infringement .....	14
III. Volume and quantity of business done under a trade-mark is immaterial in the determination of a party's right thereto .....	16
IV. The decision in this case is out of harmony with <i>Menendez v. Holt</i> and with the <i>Aunt Jemima</i> case on the question of laches, acquiescence and estoppel .....	19
V. The disposition of this case calls for an exercise of this Court's power of supervision .....	23
Conclusion .....	24

## AUTHORITIES CITED

<i>American Steel Foundries v. Robertson</i> , 269 U.S. 372, 46 S.Ct. 160 .....	10
<i>Aunt Jemima Mills v. Rigney &amp; Co.</i> , 247 Fed. 407 .....	8, 10, 16, 20
<i>Barbasol Co. v. Jacobs</i> , 160 F. (2d) 336 .....	7, 15
<i>Beech-Nut Packing Co. v. P. Lorillard Co.</i> , 273 U. S. 629, 47 S.Ct. 481 .....	12
<i>Hanover Milling Co. v. Metcalf</i> , 240 U.S. 403, 36 S.Ct. 357 .....	19
<i>Interstate Circuit, Inc. v. United States</i> , 304 U.S. 55, 58 S.Ct. 768 .....	23
<i>Kathreiner's Malzkaffee Fabriken v. Pastor Kneipp Med. Co.</i> , 82 Fed. 321 .....	7, 17
<i>L. E. Waterman Co. v. Gordon</i> , 72 F. (2d) 272.....	14
<i>Mammoth Oil Co. v. United States</i> , 275 U.S. 13, 48 S.Ct. 1 .....	11
<i>Matton Oil Transfer Corp. v. The Dynamic</i> , 123 F. (2d) 999 .....	23
<i>McLean v. Fleming</i> , 96 U.S. 245, 24 L.Ed. 828.....	8, 15
<i>Menendez v. Holt</i> , 128 U.S. 514, 9 S.Ct. 143.....	6, 10, 19
<i>Mishawaka Rubber &amp; Woolen Mfg. Co. v. S. S. Kresge Co.</i> , 316 U.S. 203, 62 S.Ct. 1022.....	6, 12
<i>Rytex Co. v. Ryan</i> , 126 F. (2d) 952 .....	15
<i>Sweet Sixteen Co. v. Sweet "16" Shop, Inc.</i> , 15 F. (2d) 920 .....	7, 17

<i>Thaddeus Davids Co. v. Davids</i> , 233 U.S. 461, 34 S.Ct. 648 .....	6
<i>United Drug Co. v. Rectanus</i> , 248 U.S. 90, 39 S.Ct. 48 .....	19
<i>Wallace &amp; Co. v. Repetti, Inc.</i> , 266 Fed. 307 .....	7, 18
<i>Ward Baking Company v. Potter-Wrightington, Inc.</i> , 298 Fed. 398 .....	7



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*To the Honorable Chief Justice and the Associate Justices  
of the Supreme Court of the United States:*

Your petitioner, Ambrosia Chocolate Company, respectfully prays for a Writ of Certiorari to the Circuit Court of Appeals for the Fourth Circuit to review an opinion of that Court filed December 31, 1947, affirming a decision of the District Court rendered June 25, 1947.

A certified copy of the record in the case, including the proceedings in said Circuit Court of Appeals, is furnished herewith in accordance with Rule 38 of the Rules of this Court.

## SUMMARY STATEMENT OF THE MATTER INVOLVED

This suit was brought in the United States District Court for the Middle District of North Carolina by the petitioner, the Ambrosia Chocolate Company, a Wisconsin corporation, to restrain Ambrosia Cake Bakery, Inc., a North Carolina corporation, from further infringement of the petitioner's registered trade-mark *Ambrosia*. The District Court dismissed the complaint and petitioner appealed to the Circuit Court of Appeals for the Fourth Circuit, which affirmed the judgment of the District Court.

Petitioner, the Ambrosia Chocolate Company, manufactures a large variety of chocolate and cocoa products, including chocolate candy bars, all bearing its trade-mark *Ambrosia*. It first obtained registration of *Ambrosia* in the United States Patent Office on April 2, 1907 under the Act of February 20, 1905, and this registration, No. 61,662, is still in force, having been twice renewed. Slightly different styles of the same trade-mark were registered on July 14, 1931 (Registration No. 284,985) and July 30, 1940 (Registration No. 379,824).

Petitioner began selling its products in North Carolina at least as early as 1904. Since then, and particularly from 1915 to date, sales in that state have been continuous, frequent and increasing so that by the time this litigation was begun petitioner's sales in North Carolina exceeded \$65,000.00 annually. (T.R. 24-26) Petitioner has also been selling its products continuously in all of the other Southeastern states for many years.

Respondent, Ambrosia Cake Bakery, Inc., of Greensboro, North Carolina, was organized as a North Carolina corporation in 1936. The respondent is closely asso-



ciated with the Ambrosia Cake Bakeries Corporation of Jacksonville, Florida (a Florida corporation organized in 1924) and the Ambrosia Cake Company, Inc., of Birmingham, Alabama (an Alabama corporation organized in 1932) by virtue of the fact that the three corporations have common stockholders and officers. (Finding of Fact No. 8, T.R. 8) During the trial it was stipulated by counsel for respondent that the Florida and Alabama corporations are privy to this action and will be bound by any decree entered herein (T.R. 33), but they were not otherwise made parties to the action.

Respondent's products on which it uses the trade-mark *Ambrosia* comprise a line of sweet bakery goods including small individually wrapped chocolate and other flavored cakes selling for five and ten cents at grocery stores, candy counters and the like. (Plaintiff's Exhibits 4 and 11; Finding of Fact No. 15, T.R. 11). It is conceded that respondent sells its bakery goods in interstate commerce.

Respondent obtained registrations for the trade-mark *Ambrosia* in the several Southeastern states but not in the United States Patent Office, although respondent's officers had apparently had some transaction with the Patent Office.

During the trial numerous witnesses qualified by years of retail sales experience in the food or confectionery business testified from personal knowledge that chocolate candy bars of the type produced by petitioner and small wrapped cakes of the type produced by respondent compete with one another for the same nickel. This evidence showed that the purchase of such items is in most cases an "impulse sale"; that is, the buyer wants a confection and buys either cake or candy depending upon

which strikes his fancy at the moment and seems more likely to satisfy his craving for a sweet. Witnesses qualified by actual confectionery sales experience testified that small wrapped cakes and candy compete with one another. (T.R. 39-71)

The trial court and the Appellate Court both held that there was no evidence of actual confusion between the products of the parties.

In its opinion, the Circuit Court of Appeals held that the volume of business done by the petitioner in North Carolina was negligible and that in view of the extensive business which the respondent had built up for its cakes under the trade-mark *Ambrosia*,

"The plaintiff's case is utterly lacking in the broad aspects of equity. Accordingly, we are unwilling to render our aid, on purely technical grounds, to the issuance of the equitable remedy of injunction when this, as we see it, would bring about a manifest commercial injustice." (T.R. 110-111)

The opinion also predicated the denial of relief to the petitioner upon the grounds of laches, acquiescence and estoppel, since representatives of the petitioner had called on respondent's president in Florida in 1938, and shortly thereafter petitioner's vice-president had sent to respondent's president a letter which contained the following sentence:

"That fact that the name 'Ambrosia' of your company was the same as ours increased our interest, you may be sure." (T.R. 106)

Speaking of this letter, the Circuit Court held that:

"Here was adequate basis for an absolute defense on the ground of laches and acquiescence by plaintiff, amounting to estoppel." (T.R. 106)

The District Court entered its Opinion and Findings of Fact and Conclusions of Law more than fifty (50) days after the trial concluded; but the transcript of trial proceedings was not available to the court until almost a month after the opinion was filed.<sup>1</sup> The Circuit Court of Appeals for the Fourth Circuit made no comment upon this circumstance. All of the crucial Findings of Fact of the District Court, including No. 18, were adopted verbatim from proposed findings of fact and conclusions of law prepared and submitted by counsel for defendant.

### JURISDICTION

The suit arises under the trade-mark laws of the United States, Title 15 U.S.C. § 98 and Title 28 U.S.C. § 41 (7).

The jurisdiction of this Court is invoked under Title 28 U.S.C. § 347 (a) (Sec. 240 (a) Judicial Code).

The opinion of the District Court (T.R. 2) is not reported.

The opinion of the Circuit Court of Appeals (T.R. 104) is reported at 165 F. (2d) 693, 76 U.S.P.Q. 157.

### QUESTIONS PRESENTED

The following questions are presented for the consideration of this Court:

1. Did the courts below err in refusing to protect petitioner's valuable property right in its trade-mark *Ambrosia* as a matter of course when such right had been established by long and continuous usage and statutory registration?

<sup>1</sup> The trial closed on April 29, 1947. The Opinion and Findings were entered on June 25, 1947. The court reporter completed the transcript and filed it on July 21, 1947.

2. Should the Court of Appeals have been "unwilling to lend our aid, on purely technical grounds, to the issuance of the equitable remedy of injunction" simply because this might result in a "commercial injustice?"

3. Did the courts below err in holding that an acknowledgement of interest in an infringer's use of an infringing trade-mark, not followed by an immediate protest, constitutes acquiescence in such infringing use?

4. Did the courts below err in holding that a plaintiff must prove actual confusion among purchasers as to the origin of the parties' products in order to be entitled to an injunction in a technical trade-mark infringement suit, or is it sufficient that the court find that there is a probability of such confusion?

5. Did the courts below err in holding that twelve registrations of a trade-mark, all of them either expired or for goods other than food products, are sufficient to materially limit the scope of protection to be afforded that trade-mark?

### REASONS FOR GRANTING THE WRIT

Your petitioner respectfully prays that the Writ be allowed for the following reasons:

1. The decision of the Circuit Court of Appeals for the Fourth Circuit is out of harmony with the decisions of this Court, and particularly with *Menendez v. Holt*, 128 U.S. 514, 9 S.Ct. 143, *Mishawaka Rubber & Woolen Mfg. Co. v. S. S. Kresge Co.*, 316 U.S. 203, 62 S.Ct. 1022 and *Thaddeus Davids Co. v. Davids*, 233 U.S. 461, 34 S.Ct. 648.

2. Congress, by the Trade-Mark Act of 1905 and by the recent Lanham Act, has repeatedly recognized that

a trade-mark is valuable property; but the Circuit Court of Appeals for the Fourth Circuit, by its decision in this case, has effectively denied petitioner's property right in its trade-mark and refused to recognize it. The case presents an important question of trade-mark law which is of general importance, to-wit: the scope of protection to be afforded the property right in a trade-mark once such right is shown to have been established.

3. The decision of the Circuit Court of Appeals for the Fourth Circuit is out of harmony with the decisions of Circuit Courts of Appeals for other Circuits in three respects:

(a) In holding that *actual confusion* between the goods of the parties must be shown to warrant an injunction for technical trade-mark infringement, the decision is out of harmony with the holdings of, e.g., the First Circuit, as exemplified by *Ward Baking Company v. Potter-Wrightington, Inc.*, 298 Fed. 398, and the Seventh Circuit, as exemplified by the recent case of *Barbasol Co. v. Jacobs*, 160 F. (2d) 336.

(b) In holding that disparity in the volume of business done by the parties in a particular trade area constitutes grounds for the denial of injunctive relief for trade-mark infringement.

*Wallace & Co. v. Repetti, Inc.*, 266 Fed. 307 (C.C.A.-2, 1920)

*Kathreiner's Malzkaffee Fabriken v. Pastor Kneipp Med. Co.*, 82 Fed. 321 (C.C.A.-7, 1897)

*Sweet Sixteen Co. v. Sweet "16" Shop, Inc.*, 15 F. (2d) 920 (C.C.A.-8, 1926)

(c) The decision is out of harmony on the question of laches and estoppel with the exactly parallel

Second Circuit case of *Aunt Jemima Mills v. Rigney & Co.*, 247 Fed. 407 and with *McLean v. Fleming*, 96 U.S. 245, 24 L.Ed. 828.

4. The District Court has so far departed from the accepted and usual course of judicial proceedings, with the sanction of the Circuit Court of Appeals, as to call for the exercise of this Court's supervision.

Wherefore your petitioner respectfully prays that a Writ of Certiorari be issued under the seal of this Court, directed to the United States Circuit Court of Appeals for the Fourth Circuit, commanding the said Court to certify and send to this Court, on a day to be designated, a full and complete transcript of the record and all proceedings of the Circuit Court of Appeals had in this cause, to the end that this cause may be reviewed and determined by this Court, as provided in the Statutes of the United States, that the judgment of the Circuit Court of Appeals be reversed, and that petitioner be granted such other and further relief as may seem proper.

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March 29, 1948.

## **BRIEF FOR PETITIONER IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI**

### **STATEMENT**

The facts so far as this application is concerned are sufficiently stated in the Petition.

### **SPECIFICATION OF ERRORS**

For the errors which petitioner will urge if the Writ of Certiorari is granted the Court is respectfully referred to that part of the Petition which sets forth the questions presented (p. 5) and to that part which states the reasons why the Writ should be granted (p. 6).

### **SUMMARY OF ARGUMENT**

I. This case presents an important question of trade-mark law which is of the utmost general importance, to-wit: the scope of protection to be afforded the property right in a trade-mark once such property right has been shown to be established.

II. The decision of the Court of Appeals for the Fourth Circuit on the question of actual confusion as to the products of the parties and their source or origin is in conflict with the decisions of this Court and the Courts of Appeals of other circuits.

III. The decision is out of harmony with the holdings of other circuits to the effect that disparity in volume of business done by the parties in a particular trade area is not a reason for denying injunctive relief for technical trade-mark infringement.

IV. The decision of the Circuit Court of Appeals for the Fourth Circuit on laches, acquiescence and estoppel is out of harmony with the holding of this Court



in *Menendez v. Holt*, 128 U.S. 514, 9 S.Ct. 143, and with the identically parallel Second Circuit case of *Aunt Jemima Mills v. Rigney & Co.*, 247 Fed. 407.

V. The District Court has so far departed from the accepted and usual course of judicial proceedings, with the sanction of the Circuit Court of Appeals, as to call for the exercise of this Court's supervision.

### ARGUMENT

I. A trade-mark is a valuable property right which, once established, should be enforced by the courts.

A. Both of the courts below held that because *Ambrosia* has been registered "more than a dozen times" for various articles it has lost its distinctiveness. The evidence shows, however, that the only valid and existing registrations of *Ambrosia* for a food or ingredient of food (Patent Office Class 46) are those of the petitioner. (T.R. 9) In previous cases which have held that oft-registered trade-marks are entitled only to limited protection the marks in question have been registered on the order of ninety to one hundred times, and so far as petitioner is able to ascertain, sixty is the least number of registrations which have called for the application of this doctrine. *American Steel Foundries v. Robertson*, 269 U.S. 372, 46 S.Ct. 160. It is believed that the discrepancy in these numbers is so large as to warrant a definitive statement by this Court.

B. The facts in the record create a strong presumption that in the early 1930's respondent's president, Earle P. Colby, was well aware of petitioner's registrations of *Ambrosia* in the United States Patent Office and that respondent proceeded to obtain registrations of *Ambrosia*



in all of the Southeastern states because it knew that petitioner's registrations blocked Federal registration on the part of respondent. Respondent submitted no evidence or explanation to refute the presumption created by this evidence, and it must therefore be concluded that respondent had knowledge of petitioner's registrations. *Mammoth Oil Co. v. United States*, 275 U.S. 13 @ 51-52, 48 S.Ct. 1 @ 9.

Moreover, Congress has expressly recognized by Section 22 of the Trade-Mark Act of 1946 (the Lanham Act) that petitioner's registrations under the Act of February 20, 1905 are constructive notice of its claim of ownership of the mark *Ambrosia*, and respondent is therefore charged with knowledge of petitioner's rights in that mark, including its right not to have *Ambrosia* used on goods of the same descriptive properties as those which it produces, i.e., goods which, by their nature, might be assumed by the purchasing public to be the products of the petitioner.

But the Court of Appeals gave no consideration to this aspect of the case. Indeed, it expressly declined to consider it in this language:

"We need not here comment upon defendant's lack of wisdom in choosing "Ambrosia" as a name for its cakes, when it either knew, or should have known, that this word had been frequently registered as a trade-mark in the United States Patent Office."

Petitioner submits that by this language the Appellate Court has expressly denied to the petitioner a property right in its trade-mark and in the registration thereof which Congress has clearly intended to establish and protect, such intent being manifested by Section 22 of the Lanham Act.

C. The crux of the Appellate Court's opinion lies in this reasoning:

"In some senses, a registered trade-mark is a property right, entitled, under proper circumstances, to protection at the hands of the courts. By no means, though, is this right of judicial protection unqualified or unrestricted. *And the property right in a trade-mark possesses neither the dignity nor the importance of a patent.*" (T.R. 110, emphasis supplied)

In the italicized language is to be found a holding which, petitioner submits, is unique in the law of trade-marks, and which merits the closest consideration of this Court.

A patent expires in seventeen years, and it may comprise no more than a minor asset of a corporation. But a trade-mark per se does not "expire" and its importance, as compared with a patent, is readily appreciated if it be imagined that the makers of "Camel" or "Lucky Strike" cigarettes or "Coca-Cola" were suddenly deprived of all their trade-mark rights!

It has repeatedly been held that a trade-mark (registered or unregistered) is property. The property right in a trade-mark was adumbrated by Mr. Justice Holmes in *Beech-Nut Packing Co. v. P. Lorillard Co.*, 273 U.S. 629, 47 S.Ct. 481 @ 482:

"\* \* \* Apart from nice and exceptional cases and within the limits of our jurisdiction a trade-mark and a business may start together, and in a qualified sense the mark is property, protected and alienable, although as with other property its outline is shown only by the law of torts, of which the right is a prophetic summary."

More recently, in *Mishawaka Rubber & Woolen Mfg. Co. v. S. S. Kresge Co.*, 316 U.S. 203, 62 S.Ct. 1022,

speaking of the Act of 1905 under which petitioner's mark is registered, this Court said:

"The 'right to be protected against an unwarranted use of the registered mark has been made a statutory right' by that Act. *Thaddeus Davids Co. v. Davids*, 233 U.S. 461, 471, 34 S.Ct. 648, 652, 58 L.Ed. 1046."

The Circuit Court of Appeals for the Fourth Circuit has held in this case that the balance of equities is such that "we are unwilling to lend our aid, on purely technical grounds, to the issuance of the equitable remedy of injunction when this, as we see it, would bring about a manifest commercial injustice."

The value of a trade-mark as property resides in the exclusiveness of the right to its use. And this exclusiveness must obviously be absolute. The question posed by the holding in this case therefore comes down to this:

Is the right to the exclusive use of a trade-mark, once established, an absolute property right, or is it a purely conditional right, existing at the discretion of the courts?

As one answer to this question there is the decision of the Circuit Court of Appeals in the instant case, holding that "plaintiff is now estopped from destroying that business by an injunction which would forbid the use of the name *Ambrosia* for the cakes of defendant and its affiliates."

As another answer to that question there is the "Sweet Sixteen" case of the Eighth Circuit, the "Kathreiner's Malzkaffee" case of the Seventh Circuit and the "Aunt Jemima" case of the Second Circuit, holding that the trade-mark right is absolute and that the pirate<sup>1</sup> is not

<sup>1</sup>As pointed out above at p. 11, the Appellate Court in the instant case specifically refused to consider the evidence which indicated that respondent had long been aware of petitioner's trade-mark rights.

to be absolved merely because he has been commercially successful.

Petitioner submits that the public has a very definite interest in the answer to this question and the resolution of the conflict of holdings thereon.

II. Other circuits hold that actual confusion on the part of purchasers need not be proven to support a claim of technical trade-mark infringement.

The Appellate Court's opinion in this case recites that:

"There was not a scintilla of evidence to show any confusion by the public as to the products of plaintiff and defendant or any misapprehension as to the origin of defendant's bakery products." (T.R. 108)

Thus the Appellate Court here is of the opinion that actual confusion among consumers as to the products of the parties must be shown to warrant a decree for infringement; and it even appears to insist that the petitioner shall show that it has actually suffered damages as a result of defendant's use of its mark, for it went on to say:

"\* \* \* Nor was plaintiff in any way injured or hurt by defendant's use of "Ambrosia" on its cakes."

The other circuits unanimously hold that in cases of technical trade-mark infringement actual confusion need not be shown. For example, the following language by Judge Learned Hand in *L. E. Waterman Co. v. Gordon*, 72 F. (2d) 272 (1934) states the rule in the Second Circuit:

"\* \* \* The theory on which the wrong has been extended to include the use of the mark on goods never made or sold by the owner, is that, though the infringer's use cannot at the moment take away his customers, it may indirectly do so by tarnishing his

reputation, or it may prevent him from extending his trade to the goods on which the infringer is using the mark. That would seem as much a violation of the interest which the mark serves to protect, as though it was used upon the same kind of goods as the owner sells. That interest is that he shall be secure in the meaning of the mark to those who wish to deal with him. \* \* \*

In *McLean v. Fleming*, 96 U.S. 245, 24 L.Ed. 828, this court announced the same rule per Mr. Justice Clifford:

"What degree of resemblance is necessary to constitute an infringement is incapable of exact definition, as applicable to all cases. All that courts of justice can do, in that regard, is to say that no trader can adopt a trade-mark, so resembling that of another trader, as that ordinary purchasers buying with ordinary caution, are *likely* to be misled." (Emphasis supplied)

The Seventh Circuit recently brought its holding into line with the majority in the case of *Barbasol Co. v. Jacobs*, 160 F. (2d) 336 (1947) in which the court *reversed* its previous decision in *Rytex Co. v. Ryan*, 126 F. (2d) 952 on this important point:

"\* \* \* We are convinced that our holding in the Rytex case pertinent to the instant question was an erroneous statement of law. (Inasmuch as the writer of the instant opinion was also the author of the Rytex opinion, it would seem that he should have the doubtful honor of announcing its repudiation.)

"We reach this conclusion after a careful study of many cases and textbooks which generally hold that a plaintiff is only required to show a likelihood of confusion where trade-mark infringement alone is relied upon. \* \* \*

How far astray the Court of Appeals went in the instant case is demonstrated by the following language in its opinion in which it quotes from *Aunt Jemima Mills v. Rigney & Co.*, and then interprets the quotation:

“‘Obviously the public, or a large part of it, seeing this trade-mark on a syrup, *would conclude* that it was made by the complainant.’

“It is clear there was no such confusion in the instant case. \* \* \*” (T.R. 108, emphasis supplied)

Thus whereas the court which decided the Aunt Jemima case held that it was only necessary to show a probability or likelihood that consumers would be confused as to the source of the goods of the parties in order that an injunction should issue, the Court of Appeals in this case interpreted the quoted language to mean that actual confusion had to be shown.

Because the products of the petitioner are sold throughout the United States, and hence in all of the circuits, it will be seen that there is need for a definite statement from this Court as to the degree of consumer confusion which must be shown in technical trade-mark cases to warrant the decree of an injunction. The importance of this question to the public generally is too obvious to require argument.

III. Volume and quantity of business done under a trade-mark is immaterial in the determination of a party's right thereto.

At page 106 of the opinion of the Appellate Court appears this language:

“We must conclude that the District Court correctly decided that here was adequate basis for an absolute defense on the ground of laches and acquiescence by plaintiff, amounting to estoppel. Dur-



ing the years intervening between 1938 (the year the above transactions occurred) and 1946 (when the instant civil action was instituted) defendant and its affiliates, by extensive advertising of the name "Ambrosia" for its cakes and by capable management and salesmanship, built up a large and lucrative cake business; therefore plaintiff is now estopped from destroying that business by an injunction which would forbid the use of the name "Ambrosia" for the cakes of defendant and its affiliates."

At page 111, in concluding its opinion, the court again adverted to this disparity in the parties' volume of trade in the territory in question:

"\* \* \* We are unwilling to lend our aid, on purely technical grounds, to the issuance of the equitable remedy of injunction when this, as we see it, would bring about a manifest *commercial injustice*." (Emphasis supplied)

Contrast this holding with the following language from the Seventh Circuit case of *Kathreiner's Malzkaffee Fabriken v. Pastor Kneipp Med. Co.*, 82 Fed. 321 @ 326 (1897):

"\* \* \* It is enough, we think, if the article with the adopted brand upon it is actually a vendable article in the market, with intent by the proprietor to continue its production and sale. It is not essential that its use has been long continued, or that the article should be widely known, or should have attained great reputation. The wrong done by piracy of the trade-mark is the same in such case as in that of an article of high and general reputation, and of long continued use. The difference is but one of degree, and in the quantum of injury. A proprietor is entitled to protection from the time of commencing the user of the trade-mark."

And with the following from the Eighth Circuit case of *Sweet Sixteen Co. v. Sweet "16" Shop*, 15 F. (2d) 920 @ 925:

"From the above cases and authorities, and many others which could be cited, it would seem to follow inevitably, that if '*a single instance of user*, with accompanying circumstances evidencing an intent to establish the right to a trade-mark' (Hopkins on Trade-marks, *supra*), be sufficient to establish such right in San Francisco, as against an alleged infringer in that city, then six or eight instances of such use, by sales of trade-marked goods, accompanied by fairly extensive advertisements in certain newspapers circulated and read in Salt Lake City, and the distribution therein of many catalogues ought, *ceteris paribus*, to be sufficient-user, as against a subsequent appropriator, to constitute infringement by the latter in Salt Lake City." (Emphasis supplied)

The Second Circuit, in *Wallace & Co. v. Repetti, Inc.*, 266 Fed. 307 @ 308, said:

"The evidence indicates that appellee's business was established in 1870. It never had a large or extended business. It has done little or no advertising; but it adopted this trade-mark and registered it, and its sales have been continuous throughout the country. It has always featured the blue bird brand as one of its brands upon its price lists as published. It appears that some 2,500 or 3,000 of these price lists were printed each year and sent to regular patrons and those who made inquiries. Its candies with this box, containing the trade-mark, were continuously on sale at its stores in New York City. Under this proof, we are satisfied that the trade-mark belonged to the appellee after its registration, and its property rights continued therein undiminished or unabridged. The appellee's rights accrued as soon as it put goods on the market bearing this trade-mark. Its use was prior to that of other manufacturers who attempted to use it. The right to use does not depend upon any particular period of usage. This trade-mark having been adopted in good faith, the right thereto inures and will prevail against any subsequent user."



This Court in the well known cases of *United Drug Co. v. Rectanus*, 248 U.S. 90, 39 S.Ct. 48 and *Hanover Milling Co. v. Metcalf*, 240 U.S. 403, 36 S.Ct. 357 held that a plaintiff must have done *some* business under a trade-mark in a given trade area in order to have established his right to that trade-mark as against an allegedly infringing defendant. But apparently it has never had occasion to specify the relative *amount* of business which must be done under a trade-mark in a particular trade territory in order to establish the user's right to the mark in that territory. In view of the conflict which has now developed, as between the holding of the Fourth Circuit in this case and the holdings of other circuits in the cases cited above, petitioner submits that a definitive statement of the law is needed.

IV. The decision in this case is out of harmony with *Menendez v. Holt* and with the *Aunt Jemima* case on the question of laches, acquiescence and estoppel.

In *Menendez v. Holt*, 128 U.S. 514, 9 S.Ct. 143, 32 L.Ed. 526, Mr. Chief Justice Fuller stated the rule on laches in trade-mark cases in this language (@ 9 S.Ct. 145):

"\* \* \* The intentional use of another's trade-mark is a fraud; and *when the excuse is that the owner permitted such use, that excuse is disposed of by affirmative action to put a stop to it.* \* \* \* Mere delay or acquiescence cannot defeat the remedy by injunction in support of the legal right, unless it has been continued so long, and under such circumstances, as to defeat the right itself \* \* \*. Acquiescence, to avail, must be such as to create a new right in the defendant. *Rodgers v. Nowill*, 3 De Gex, M & G. 614. Where consent by the owner to the use of his trade-mark by another is to be inferred from his knowledge and silence merely, 'it lasts no longer

than the silence from which it springs. It is, in reality, no more than a revocable license'." (Emphasis supplied)

The delay in initiating this case amounted to about eight years, from February, 1938, when petitioner's vice-president wrote the letter referred to in the Appellate Court's opinion, until May, 1946, when this action was commenced.

The factual situation here is as nearly identical with the leading Second Circuit case of *Aunt Jemima Mills v. Rigney & Co.*, 247 Fed. 407, as any two cases can be. Plaintiff in that case was the proprietor of the well-known "Aunt Jemima" trade-mark for pancake flour, having used it since 1899 and registered it in 1906. In 1908 defendant began to use the same mark on a pancake syrup and obtained registration of it in the Patent Office. Plaintiff had knowledge of the application for registration and did not oppose it; in fact plaintiff corresponded with defendant at the time, stating it had received a sample of the syrup, that it supposed defendant had a right to use the mark, and that the color of the syrup might be improved although the product was all right on the whole. Defendant did not answer. In 1915 plaintiff sued. The opinion concludes:

"As the defendants' conduct was wrongful, the complainant is entitled to an injunction, notwithstanding the delay of some eight years in asserting its rights (*McLean v. Fleming*, 96 U.S. 245, 24 L.Ed. 828), but is not entitled to an accounting for damages and profits."

The exact parallelism of the instant case with the Aunt Jemima case is graphically demonstrated by Table I, on the opposite page. Yet the Court of Appeals in-

# TAB

## *This Case*

Registration by Defendant	Defendant has only state registration which plaintiff had no knowledge of
Comments on Product in Letter	Plaintiff sent a sample of cookies and requested defendant to make a cake thereof in its devil's cake.
Comments on Trade-Mark Situation in Letter	"That fact that the name 'Aunt Jemima' your company was the same as ours increased our interest, you may have noticed."
Time Interval	Letter—Feb. 1938 Suit—May 1946 Elapsed time—slightly over 8 years
Goods of the Parties	Plaintiff—Baking ingredients and candies Defendant—Cakes, including "Aunt Jemima" cakes

# E I.

	<i>Aunt Jemima Case</i>
ations, of ge.	Defendant obtained Federal registration with plaintiff's knowledge and without opposition.
a and re- ther trial	Plaintiff received a sample of defendant's syrup and wrote that the color might be improved but that the product was all right on the whole. Plaintiff suggested "We might have something of interest for you" if defendant cared to take on a pan-cake flour proposition.
brosia' of ours in- sure."	"We are surprised to have you use the name 'Aunt Jemima' for your syrup but presume you can do so without violating any law in the matter."
ars	Letter—1908 Suit—1917 Elapsed time—slightly under 8 years
nd nickel ckel cakes	Plaintiff—Flour Defendant—Syrup



sisted that this case was distinguishable from the Aunt Jemima case on two points:

1. There was no actual confusion in this case. (As previously pointed out, no actual confusion was required by the court which decided the Aunt Jemima case, and none was shown. The probability of confusion was shown in this case.)

2. "Again, in the 'Aunt Jemima' case there was no active encouragement to defendant to use the trade-mark in question." (But the Appellate Court did not actually find "active encouragement" in petitioner's letter, and it obviously could not have done so. It found only that the hope was "implied" in the letter that respondent would exploit the devil's cake recipe.)

Thus the decision in the instant case is not in accordance with the rule laid down by this Court in *Menendez v. Holt*, and squarely conflicts with the Aunt Jemima case. This Court's consideration of the case is essential to a satisfactory resolution of that disharmony.

V. The disposition of this case calls for an exercise of this Court's power of supervision.

The circumstances under which this case was decided in the District Court are such as should warrant the Court's careful attention. The trial closed on April 1947. On June 9 the parties filed their briefs and their proposed findings of fact and conclusions of law. On June 25, the District Court entered its Order, Opinion, Findings of Fact and Conclusions of Law. But the court reporter did not prepare and file the transcript of the proceedings until almost a month subsequent to the date when the trial court disposed of the case, namely July 21. Hence the trial court, in preparing its Opinion and Findings of Fact, had to rely entirely on its recollection of testimony taken at least fifty days previously or on the proposed findings submitted by the parties.

The trial court adopted verbatim the findings proposed by counsel for the respondent as to all of the crucial contested matters. This Court has pointed out that such findings should be properly formulated "underlying findings of fact." *Interstate Circuit, Inc., v. United States*, 304 U.S. 55 @ 56, 58 S.Ct. 768, @ 769, 82 L.Ed. 1. See also *Matton Oil Transfer Corp. v. The Dyna*, 123 F. (2d) 999 @ 1001 (C.C.A.-2, 1941).

Many of the findings are totally unsupported by evidence in the record and others are directly contrary to the only competent evidence in the record. It is therefore respectfully submitted that the circumstances under which this case was decided, of themselves, should form a basis for this Court's careful scrutiny of the proceedings below.

## CONCLUSION

This is such a case as merits the consideration of this Court. It is respectfully urged that a Writ of Certiorari issue herein.

*Respectfully submitted,*

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